

CTC LIAISON  
Binder Copy  
DO NOT REMOVE

PASSED BY

**CTC**

MAR 29 1999

CALIFORNIA  
TRANSPORTATION COMMISSION

## **CALIFORNIA TRANSPORTATION COMMISSION**

### **TEA-21 FEDERAL DEMONSTRATION FUNDS**

#### **RESOLUTION # G-99-08**

- 1.1 WHEREAS Congress included in TEA-21 \$877 million in federal demonstration funds designated for 155 high priority projects in California, usable only for those designated projects, and
- 1.2 WHEREAS Congress made these demonstration funds available over the six years of TEA-21, FFY 1998 through FFY 2003, in annual increments of 11%-15%-18%-18%-19%-19% project by project, regardless of when any given project could be ready to use the funds, thus requiring project sponsors to finance expenditures undertaken on a faster schedule than the incremental release of demonstration funds, and
- 1.3 WHEREAS Congress has in practice provided annual spending authority to cover only 90.5% of the total designated annual increments of demonstration funds on a statewide basis, without designating which projects were to be funded and which might not be, and has not indicated when or by what means the remaining 9.5% of funds might become accessible, and
- 1.4 WHEREAS the total amount of federal demonstration funds are not sufficient, except in a few rare cases, to complete the designated high priority project, thus requiring additional funds from some other source(s), which in some cases may include either regional or state shares of the State Transportation Improvement Program (STIP), and
- 1.5 WHEREAS the California Transportation Commission must decide how to insert federal demonstration funds into 41 high priority projects which have already been programmed in the 1998 STIP, after considering the annual funding increments, the 9.5% withholding of funds, and the source(s) of other funds needed to complete the project, and
- 1.6 WHEREAS some of these STIP projects are already fully funded without considering federal demonstration funds, but others have further components or stages still needing funding, and

- 1.7 WHEREAS state statutes exempt federal demonstration funds from the fund estimate and STIP formulas (unless available for discretionary programming in the STIP, a test the demonstration funds from TEA-21 do not meet), thus in effect treating demonstration funds as outside funds brought to the STIP, and
- 1.8 WHEREAS TEA-21 includes special clauses allowing the states of Minnesota, Alaska, Idaho, and West Virginia to pool the annual increments of federal demonstration funds for all high priority projects within each of those states and use them as projects are ready, and
- 1.9 WHEREAS Caltrans has surveyed the sponsoring agencies of nearly all of California's high priority projects and discovered that, assuming the most optimistic delivery schedules and the 9.5% reduction in funding availability, cumulative aggregate demand for demonstration funds would at no time out through 2003 exceed the annual incremental release of demonstration funding on a statewide basis, even if each project were allowed access to 100% of its designated six-year funding on demand,
- 2.1 NOW THEREFORE BE IT RESOLVED that the California Transportation Commission will insert federal demonstration funds from TEA-21 into designated projects that are already in the STIP, by STIP amendment, using the following priorities:
- 1) funding cost increases or later components, stages, or phases of the project not already fully funded; then
  - 2) divided proportionally to supplant state, regional, and local funding shares on any jointly funded STIP project, unless all funding parties bring to the Commission mutual agreement to split up the federal demonstration funds otherwise; or
  - 3) substituted directly for regional or interregional share funds, which then become available for other regional or interregional programming, and
- 2.2 BE IT FURTHER RESOLVED that the Commission will insert 100% of the TEA-21 six-year demonstration funding amount into any designated STIP project as long as a regional or local agency agrees to finance or backfill with funds controlled regionally or locally, as necessary, any federal demonstration funds that may not become available in a timely way, and otherwise will insert only 90.5% of the TEA-21 six-year demonstration funding amount, and
- 2.3 BE IT FURTHER RESOLVED that the Commission intends to give project sponsor agencies access to federal demonstration funds cumulatively on the six-year incremental schedule defined in TEA-21, notwithstanding any annual withholding of demonstration fund obligational authority by Congress, as long as those agencies agree to finance expenditures as long as necessary should Congress further delay release of spending authority for demonstration funds or should delivery of high priority projects catch up to availability of funds statewide, and



- 2.4 BE IT FURTHER RESOLVED that the Commission will finance from the State Highway Account any unreleased portion of demonstration funds for state highway projects (defined as projects where more than half of demonstration fund expenditures go for work on state-owned main lanes, ramps, shoulders, or other features) delivered before Congress has provided enough spending authority to use that portion of demonstration funds, regardless of project sponsor or program, and otherwise expects regional or local agencies to finance unreleased demonstration funds for non-state-highway projects delivered earlier than funds are released, and
- 2.5 BE IT FURTHER RESOLVED that the Commission and Caltrans will deal with federal demonstration funds in the same manner as local share funds, excluded from the fund estimate and STIP program formulas, and will program a high priority project into the STIP only if the project also includes funding from regional or interregional STIP shares, and
- 2.6 BE IT FURTHER RESOLVED that the Commission, if Congress should allow California to pool demonstration funds across projects and years as it has done for four other states, stands ready to guarantee through FFY 2003 that the state will manage federal demonstration funds so that no high priority project will be denied or have to wait for funding when delivered, even if demand for federal demonstration funds should temporarily exceed demonstration funds available statewide at that time, and
- 2.7 BE IT FURTHER RESOLVED that the Commission expects Caltrans, as the direct state partner in federal programs, to administer the approval and reimbursement of federal demonstration funds for all projects, state or local, in the STIP or outside it; to apply obligational authority to access federal demonstration funds to provide reimbursement of expenditures on a project cash flow basis, particularly if Congress should allow California to pool demonstration funds across projects; and to advise the Commission about restrictions on and progress toward using those funds statewide, and
- 2.8 BE IT FURTHER RESOLVED that the Commission advises all project sponsors of the necessity to complete:
- 1) normal federal project requirements, including federal NEPA environmental approval, for high priority projects, and,
  - 2) federal and state project agreements, done through Caltrans, to authorize subsequent reimbursement of expenditures, before undertaking work on a project.